



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

BEVERLY EAVES PERDUE
GOVERNOR

ANDY WILLIS
STATE BUDGET DIRECTOR

January 5, 2012

The Honorable Phil Berger, President Pro Tempore
NC Senate
16 West Jones Street, Room 2008
Raleigh, NC 27601-2808

The Honorable Thom Tillis, Speaker
NC House of Representatives
16 West Jones Street, Room 2304
Raleigh, NC 27601-1096

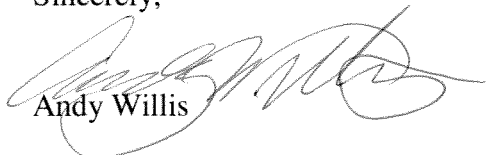
Co-Chairs, Joint Legislative Commission on Governmental Operations

Dear President Pro-Tempore Berger and Speaker Tillis:

Pursuant to Section 10.60(c) and (e) of Session Law 2011-145, all changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services must be approved by the Office of State Budget and Management (OSBM). OSBM shall report and/or consult with the Joint Legislative Commission on Governmental Operations prior to implementing the changes. The purpose of this letter is to confirm OSBM's approval of the realignment Temporary Assistance To Needy Families Block Grant dollars and to serve as notification to the Commission that OSBM intends to implement this change after fulfilling the consultation requirement.

If further information is needed, please contact Pam Kilpatrick, Assistant State Budget Officer for Health and Human Services, by telephone at 807-4722 or by email at pam.kilpatrick@osbm.nc.gov.

Sincerely,


Andy Willis

cc: Representative Marilyn Avila., Chair, House of Representatives Appropriations Subcommittee on Health and Human Services
Representative Justin Burr, Chair, House of Representatives Appropriations Subcommittee on Health and Human Services
Senator Stan Bingham, Chair, Senate Appropriations Committee on Health and Human Services
Senator Harris Blake, Chair, Senate Appropriations Committee on Health and Human Services
Senator Louis Pate, Chair, Senate Appropriations Committee on Health and Human Services
Pam Kilpatrick, Assistant State Budget Officer, Office of State Budget and Management
Mark Trogon, Director, Fiscal Research Division



North Carolina Department of Health and Human Services
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Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

James B. Slate, Jr., Director

January 4, 2011

Pam Kilpatrick, Assistant State Budget Officer
Office of State Budget and Management
116 West Jones Street
Raleigh, NC 27603 - 8005

Dear Ms. Kilpatrick:

The TANF block grant plans as appropriated contain the following funding sources: TANF Base Grant Award, TANF Supplemental Award and the TANF Contingency Award.

In accordance with Session Law 2011-145, Section 10.60, the Department of Health and Human Services is providing a report regarding the elimination of TANF Supplemental funds and the increases in the allocation of Temporary Assistance for Needy Families (TANF) Contingency funds. Also included in this report is the availability of unexpended TANF Emergency Contingency funds from SFY 10-11.

Section 10.60 a of SL 2011-145 appropriates \$351,354,477 in TANF federal funds (Base and Supplemental) awarded across two Federal Fiscal Years (FFY 2011 and FFY 2012) and carry forward funding. In addition, a total of \$15,111,981 in one-time TANF Contingency funds is also budgeted in this act.

In September, Congress temporarily extended the TANF program without including funding for TANF Supplemental Grants. The impact of this loss in supplemental funding translates to an annual reduction of \$36,410,180 in funding to North Carolina. However, funds appropriated by the General Assembly for SFY 11-12 included a one quarter reduction of \$9,102,545 to this funding based upon temporary actions by Congress last FFY. Therefore, funding appropriated for the current state fiscal year needs to be reduced by \$27,307,635.

North Carolina continues to be eligible to request awards from the TANF Contingency fund due to its growth in the number of Supplemental Nutrition Assistance Program

(SNAP) recipients and demonstration of its availability of non-federal resources to provide additional Maintenance of Effort. DHHS requested and received an additional \$10,074,652 of these funds for November and December 2011. DHHS has also been informed that additional \$10,074,652 in funding for January and February will be forthcoming.

In addition, DHHS has identified \$5,093,059 in one-time TANF Emergency Contingency funds that was not expended in SFY 10-11. Of these non-expended funds, only \$1,093,059 was necessary to support existing service levels in the current TANF Block Grant plan.

As a transitional step to deal with the SFY 11-12 reduction of \$5,000,000 to non-profit entities, the Department plans to utilize the remaining \$4,000,000 in unexpended SFY 10-11 TANF Emergency Contingency funds to mitigate the immediate impact associated with this reduction. These one-time federal funds will be utilized to replace state funds in the Smart Start non-profit contract for the current fiscal year in order to allow for a transition in applying a reduction of \$4,000,000 in state funding.

The attached plan outlines the details of reductions and the use of one-time resources described above.

Questions regarding these actions may be directed to Sherry Bradsher at (919) 733-3055.

Thank you

Sincerely,

A handwritten signature in cursive script, appearing to read "James B. Slate".

James B. Slate